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OFFICE OF NATIONAL ESTIMATES

15 June 55

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STAFF MEMORANDUM No. 25-55

SUBJECT: Debriefing of Ambassador Luce

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1. On 9 June 1955 [redacted] of O/NE attended a debriefing of Ambassador Luce at the State Department. This memorandum is a summary of certain of her remarks.

2. Status of Forces Agreement. Ambassador Luce attributed the delay in parliamentary approval of the SOF agreement to such factors as: (a) general resistance of Italian government leaders to pushing legislation regarded as pro-US for fear of being called "US stooges"; (b) the Italian desire to retain a good bargaining counter vis-a-vis the US; and (c) a possible reluctance to raise a matter in Parliament which was likely to provoke a strong Communist reaction.

3. According to Ambassador Luce, the question is becoming acute because of the problem of redeploying US forces now in Austria. Thus far the Pentagon has maintained that passage of SOF legislation by Italy should be a pre-condition to redeployment of such US forces to Italy. She believed that the US now needed to apply no pressure for approval of SOF other than through this potential redeployment. With US forces out of Austria, the large US military establishment at Leghorn, which was primarily designed to serve as a US line of communication to Austria, would have little reason for existance. In the final analysis, the Italians for both economic and security reasons would probably prefer to have more rather than fewer US troops in Italy. She thought, therefore, that following a clarification of the governmental situation during the next few weeks, the Chamber of Deputies would probably pass the SOF legislation already approved by the Italian Senate.

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4. Neutralism. Ambassador Luce remarked that 100 percent of Italians are probably "neutrality-minded", in that they would prefer not to get involved in any struggle between the great powers. However, that does not necessarily indicate that a very high percentage of Italians think that neutrality is possible. The one third which is left-oriented would probably follow the Communist line if it preached neutrality; another third might be inclined to follow a strong leader on this issue. But the real question is whether Italian leaders are neutrality-minded. At present these leaders seem to consider neutrality a game with which they can trifle, probably hoping to worry the US a bit. Yet two basic conditions for maintaining neutrality successfully are not present in Italy: the defense capabilities of Italy are not sufficiently great; and Italy's internal stability is unduly limited with about one third of its electorate substantially sympathizing with many policies of the Kremlin. As a result, Italian leaders probably regard it impossible to follow a policy of neutralism without in turn being "neutralized" and eventually dropping behind the Iron Curtain.

5. Italian Communist Party (PCI). At the present time Italian Communists are in a highly confused state of mind, due at least in part to these factors: (a) the Trieste problem, final resolution of which required the PCI to "whirl like a dervish"; (b) the Soviet mission to Belgrade; (c) Togliatti's health (according to Ambassador Luce's best information, his recent attack was a cerebral hemorrhage, "unfortunately not fatal") which may presage a power struggle within the PCI; (d) the PCI's loss of prestige as a result of the victories of free unions in certain plant elections (e.g. Fiat); (e) some loss of appeal to young people because the PCI has been assuming less of a revolutionary character than in the past; and (f) the effect on morale of the Kremlin's overtures to Adenauer, a figure so often castigated by the PCI. Ambassador Luce thought that, under these circumstances, a new intelligence estimate on the intentions and capabilities of the Italian Communists would be particularly useful.

6. Offshore Procurement. The US Embassy had based its anti-Communist campaign in Italy at least partially on the withholding of US defense contracts from Italian plants until the power of the Communist-dominated CGIL in those plants had been broken. This policy had been predicated, however, on the assumption that the offshore procurement program would be continued by the US. But as a result of the recent curtailment in US offshore procurement, with less contracts

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being allotted to Italy, the situation is somewhat difficult. Now, after many plants have been "cleansed" of CGIL dominance many of the "pure" workers remaining may have to be fired because of a lack of orders for the plant.

7. Trieste. The Italians have done little to remedy the economic crisis in Trieste, and, in general, seem to have handled the situation poorly. Probably the Italians believe the ideal solution would be "for me to call on Mr. Humphrey".

8. Italian Political Situation. In the course of a conversation with her, Italian Ambassador Brosio had expressed the hope that the coalition can stay together. However, it would be more difficult now as the Christian Democratic gains in the Sicilian elections were made to a considerable extent at the expense of the small parties who belong to the coalition. Brosio thought that he would in conscience have to resign if the CD's moved to the left before Nenni made a clean break with the Communists, including a public renunciation of the Nenni Socialists' unity of action pact with the PCI.

9. One possible formula for the composition of a new government, which Ambassador Luce believed might lend more stability to the political situation, would be a coalition of CD's with the Monarchists and Liberals. The other center parties in the present coalition might then go into a "loyal opposition" and any leakage of votes from the center grouping presumably would go to them rather than to the Nenni Socialists or PCI. It had been suggested also that this arrangement might not be so objectionable to center parties remaining out of the new coalition since, in time, such a government coalition of the CD's with the right might be able to "take care" of the Communists and their allies, after which the stage would be set for a moderate left-oriented government.

10. Ambassador Luce ventured that such a right-oriented government probably would not be as catastrophic as many people imagined. It would be better than a CD "monocolore" government trying to pick up votes "like a floating kidney". In fact, the CD's probably could not govern long without a firm coalition with the right or left and the logic of events is leading them to a choice. Such a right-oriented government might isolate the Neo-Fascists, some going to the PCI and others becoming "respectable". She noted, incidentally, that an Embassy

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tabulation of parliamentary voting had disclosed that the Monarchists and Neo-Fascists had supported virtually all legislation of particular importance to the US.

11. The small center parties will probably continue to swindle in strength and influence as long as they remain within the coalition. While within the coalition they must abandon their own position on certain issues and also may suffer somewhat from being aligned with the CD's, since many people associate that party with "clericalism". Thus, to continue to exist, they may have to leave the coalition and go into opposition to the CD's.

12. As an interesting sidelight, Ambassador Luce referred briefly to Gronchi, the newly-elected President of Italy. In the wake of much speculation about his leanings to the left and only three days after a speech in which he suggested, in effect, that labor was close to power, he dispatched an intermediary to the US Embassy.

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